

BAY HOUSE CONDOMINIUMS COUNCIL OF CO-OWNERS

BOARD MEETING MINUTES Navigation District Education Center January 16, 2021

President Lizz Salmon requested a motion be made to bring the meeting to order at 1:00 p.m. Said motion was made by Carol Anderson, seconded by Becky Farnsworth, vote was taken and passed unanimously. Roll was called and a quorum was present.

Directors Present: Lizz Salmon, Carol Anderson, Dorothy Rhoades, Howard Stridde, Gail McClanahan, Becky Farnsworth, Shaun Blackmon, Lawson McDowell, Terry Hect

Directors Absent: None

Managers: Ed Naranjo, Pam Garrett

Guests: Bennett Blocker and Bennett Blocker, Jr. (#1802), Troy Bolton (#2403)

Minutes

The minutes for November were presented for review and approval. A motion was made by Carol to accept the minutes as written, seconded by Becky, vote was taken and passed unanimously.

Agenda

The agenda for January 16, 2021 was reviewed and no changes were made.

Treasurer's Report

Lawson presented the financials for November – December, 2020 and YTD. Lawson met with the finance committee members through the week and decided that there were a few items that needed to be discussed. As of December 31, 2020, the balance in the Operating Account is \$311,747.08; the balance in the Savings Account is \$203,973.39; and the balance in the Insurance Proceeds Account is \$1,054,769.48 bringing the cash total to \$1,570,489.95. Lawson stated that The Mathis Group reported on January 11th that they estimate that \$900,000 will be paid out which will leave us with \$100,000 to apply to whatever projects the Board decides. As far as the Savings Account is concerned, it is funded \$14,500 per month by part of the monthly maintenance fee. However, the bulkhead note is paid from this account in the amount of \$10,000 per month. Experts have told Lawson that we need to strengthen our reserves. In October, 2022, the monthly payment for the bulkhead note goes from \$10,000 to \$16,000. We will need to decide if we are going to refinance the loan or increase monthly assessments or have a one time assessment to pay part or all of the loan off. But for now, we need to strengthen our reserve account and to do that we will move some of the operating cash into a specific account should there be another hurricane or

specific need. The amount to be moved will be \$50,000. Lawson stated that the finance committee will discuss and finalize what is going to be done. He then went through the rest of the Balance Sheet. Lawson reported that we are close to budget on water/sewer. Once we get the irrigation system in, the budget will need to be raised. In November and December, \$11,000 was spent on legal fees and will continue to go up. He then went through the YTD P&L. As of December 31st, we are over budget by \$10,894.68. Lawson stated that we are in a pretty good cash situation right now. The things that are going to change it are upcoming roof repairs, HVAC securement throughout the property, pool repairs, water and legal fees. All these are predictable expenses that we are going to have. A little harder to predict but certain that we are going to have ongoing repairs related to Harvey. Lawson's message is that we need to be conservative. A motion was made to accept the Treasurer's Report by Carol, seconded by Terry, vote was taken and passed unanimously.

Manager's Report

Ed reported they have been running into a lot of rotten wood that was painted over, most of it lattice work. We are taking care of it as we come upon it. We also have had a lot of water leaks. Yesterday, there was a main that broke for the irrigation system at the 1500 and 1600 buildings. It broke in the past and was not correctly repaired. It was correctly repaired this time. We have had a bid leak at Pool #1 and it was coming from the main valve and is now repaired. He still needs to fill the pool 2 to 3 times a week which is less than before. There are cracks throughout that pool and there are minor cracks in the other 2 pools. Ed recommends that the pools be taken care of within the next few months, Pool #1 being the most important. He also has issues with the lighting in the pools. He has repaired them many times but they need to be replaced. Ed is to get bids. He is also getting bids for the stucco that is cracked around the complex and #1501.

General Construction Update

Lawson reported that Roadrunner left us in a mess with the HVACs. Shaun's son, who does adjustment work for State Farm and other companies, came out and did an inspection on the roofs and HVACs. His report showed that the problems we are having are mainly the flat roofs and he identified a large number of HVAC issues and debris. With the Board's permission, Lawson took some bids and awarded that work on the basis of hours and materials to Sigwald and have now done 2 days worth of work. They finished the 2700 bldg. and are going to start on the 2600 bldg. Sigwald will do the L brackets and secure the 2x6s, and also the electrical. There are still roof leaks and we are having a problem finding someone who will do that work for us. He and Ed met with a local company (3 generation roofing company) and he is going to give us a bid for labor and materials. We will have the roofing people start on the 2700 bldg. and have them follow the HVAC people around. A question and answer period followed.

Carol reported that we have had a lot of problems with windows. One owner could not get any information from Roadrunner, so they had a representative come out from Showcase Windows a couple of months ago to look at their windows. We had so many complaints about windows that Roadrunner decided to have the same person come back and do an inspection. The person who came out today is a rep for Showcase but also has his own business that installs windows. Stephanie from Roadrunner was supposed to attend the inspection but sent out an assistant and did

not stay for the entire inspection. Jon Hill is supposed to be getting the list of windows and sliders that were put in by Roadrunner and private contractors for Carol. Discussion followed regarding previous payments to Roadrunner that were approved by Mathis Group. The Showcase representative showed up at the meeting after the inspection and the people that were involved in the inspection are going to come up with a proposal to take care of the situation with the doors and sliders.

By-Laws Update

Dorothy sent to the Board about a month ago consolidated document that included all of the By-Laws and amendments and did not receive a response from anyone. She has also created and sent to the Board a document that compares the various Texas Condominiums Acts and all of our amendments. Shaun stated that ultimately we would like one single document that spells out everything so we don't have to go back and forth for referencing an item. Lizz suggested that they meet sometime next week so everyone can review documents and give their opinions.

Landscape Committee

Lizz reported that there are no updates. Landscaping is tabled until we get the last Harvey assessment done.

Deck Committee

Lizz stated that she needs for us to come together as a Board and resolve this deck issue. This is the third or fourth ballot that is being created to get it passed. The Deck Committee must get this done. Terry stated the last ballot went out was for all units to share in part of the repair of the decks. Discussion was held regarding the insurance coverage and owner responsibility of the deck. There are 79 units out of 118 units that have decks (2400, 2500, 2700 buildings do not have decks). The issue is the funding from the other 39 owners (out of the 39, one owner is willing to pay) to pay a portion of the 79 decks. Terry stated that his plan is to have the 79 owners pay for the 79 decks which is being done by square footage of each deck. Anything underneath the decks that was impacted by erosion is the responsibility of the HOA. Discussion about lattice, steps, gates and drainage were discussed. The insurance allocated only a little for the lattice work. Becky pointed out that until all the Board members agree what the By-Laws say, we cannot move forward. Dorothy presented Page 23, #30 of the By-Laws that was adopted in June, 2020. It does not intend for people to build new decks, it was for repair. A major discussion followed including the subject of limited common elements. Approve a By-Law that says that although the decks are limited common elements, the upkeep, maintenance and repair of the decks belongs to the condo owner. Carol said the By-Law needs to be specific about what the owner is to be responsible for – the pilings, stringers, and the deck surface. To amend the By-Laws we need approval from 67% of the owners. Carol went through the list from Guy Pfitzner from his bid on what the owner is paying for and what the HOA is paying for just to make sure everyone is on the same page. Terry suggested that we send out another survey on Survey Monkey. Shaun had an engineer come out and inspect the decks. The inspector stated that some of the decks do not need to be demolished, they can be repaired. Terry said the owners should have the option to repair what they have instead of ripping it all out. Discussion was held regarding the issue of the drainage installation if decks

were just to be repaired. Shaun stated that we were supposed to have the engineer's report before this meeting. The engineer said if you fix the downspouts and backfill with dirt, we should not need the fiberglass bulkhead that Guy is proposing. None of the erosion is causing any building issue at the moment that the engineer could see. Shaun then went on to explain how this would be accomplished according to the engineer. We will know more once we get his inspection report. Dorothy said she would write the ballot for the amendment to the By-Laws and the attorney will have to review and approve it before sending it to the owners. Included in the notice to the owners will also be a ballot for the proposal of funding the project. Terry will create the order forms. Dorothy to send to Terry the order forms used for the docks as an example. Dorothy stated that the attorney was surprised that the Schedule A's contain regulations in the By-Laws that do not need to be part of the By-Laws. Dorothy asked for permission to include an amendment to take out the regulations and make them a separate document. Discussion was held regarding the palm trees that may need to be removed that might interfere with a common stairway. A motion was made to go forward with the amendments to the By-Laws, ballots, order forms and save the palm trees by Terry, seconded by Carol, vote was taken and passed unanimously. Dorothy is to have the documents by Wednesday or Thursday so the verbiage can be reviewed and approved by the Board and then the attorney.

Architectural Committee

Lizz asked Ed or Pam to send an e-mail out to the new owner of #1912 that her side door is not an approved door. The subject of lattice, pickets or cable was discussed. It was decided to ask the owners as part of the survey.

Website

Becky said she wanted to get the architectural form on the website but she needs verbiage and who is to use it, etc. Lizz wants to wait until the reconstruction is complete with all units.

Old Business

Pam said she had 2 motions to be reaffirmed as these were done by e-mail. On December 21, 2020, Terry made a motion for Shaun to identify and hire a civil engineer to assess decks for every building which would be used to provide options to owners on "repair versus replace" decks on some units that do not have significant structural or drainage issues. Additionally, would also want the engineer to assess any issues around drainage/irrigation/settling for each building. He then amended it to require Board approval if the estimated cost is greater than \$15,000. The motion was seconded by Shaun, vote was taken and passed unanimously. The Board reaffirmed that this is correct.

The other motion was dated November 2, 2020 via Zoom to send a letter to Roadrunner as they are in breach of their contract via Jon/Mathis. A vote was taken and passed unanimously.

New Business

The question was asked why everyone pays the same monthly fee and not by square footage of the unit. It is stated in the Declarations. A discussion followed about the bulkhead payment and why we are not sending the \$14,000+ (payment is \$10,777.01) that we collect each month. Lawson stated that we need a reserve account to satisfy lenders on our solvency and to get us in position in case we have another need for an emergency fund. An explanation was given regarding the savings/major project account and that it was not created to make the bulkhead payment.

There being no further business, a motion to adjourn was made by Becky, seconded by Dorothy, vote was taken and passed unanimously. An Executive Meeting was then called.

Respectfully submitted,

Pam Garrett
Secretary
